



April 6, 2009

Ms. Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Re: Response to ANPR (12CFR704 Corporate Credit Unions)

Dear Ms. Rupp:

I appreciate the opportunity to provide input to this critical issue facing the credit union community. I know your agency's task will be difficult in preserving the many benefits of our current corporate credit union structure, while ensuring the safety and soundness of the entire credit union system. I hope my comments prove useful as you proceed with this issue.

I would like to begin by stating that our corporate credit union, Cencorp, plays an integral role in the success of its member credit unions. We are active users of nearly all of the services it offers. Specifically, we utilize Cencorp for ACH receipt and origination, wire transfers, member sharedraft processing, cash ordering, investment brokerage services and safekeeping, cash letter (deposit) processing, business loan underwriting analysis, and a source of liquidity. We know these services are available from other vendors. However, our due diligence analyses repeatedly confirm that Cencorp provides the highest level of service at the most competitive cost.

Our membership in Cencorp provides numerous efficiencies to our operation. Cencorp is able to obtain volume pricing on the services it passes on to us which First Community would be unable to negotiate for itself. Many of the services it provides to First Community FCU would require a greater level of technical expertise and knowledge by our staff. Cencorp's expertise is even more critical to smaller credit unions. Eliminating or even modifying the current level of service we receive from Cencorp would place a staffing expense burden on smaller credit unions at a time when all CUs are searching for ways to reduce their operating expenses.

Cencorp is instrumental in promoting knowledge and training to its member CUs. Cencorp facilitates numerous formal educational events and is a source for current information. Cencorp's representatives are very active with local credit unions and their local events. We enjoy an open opportunity to provide input in the management of Cencorp.

1. The Role of Corporate CUs in the Credit Union System:

Payment System

I feel the most effective manner for our corporate CU to deliver payment processing services is the present structure of providing all services under one organization. Our liquidity and borrowing needs are affected daily by the timing and volume of our payment processing. It would be inefficient to separate these functions at this time.

Liquidity and Liquidity Management

I believe the current regulatory environment does not require significant change. Effective management of this function combined with regulatory oversight and monitoring provide sufficient safeguards.

Field of Membership Issues

I believe the open field of membership in the corporate CU network should be maintained. I understand that the overly-aggressive practices by certain corporate CUs may have contributed to the current situation. However, I don't think limiting the field of membership for prudently-managed corporate CUs would be appropriate. Competition provides a healthy environment to ensure corporate CUs do not become complacent. Competition will likely force mergers within the corporate CU network. However, competition will also ensure the most successful corporate CUs will survive.

Expanded Investment Authority

This is one area I believe the NCUA should restrict to that allowed by natural person credit unions.

Structure: Two-tiered System

I believe the largest corporate CUs still serve a critical role and should be maintained. I believe they should not be allowed to acquire investment or credit risk due to their size and the impact upon the entire CU system.

3. *Permissible Investments*

4. *Credit Risk Management*

5. *Asset Liability Management*

No comment.

6. *Corporate Governance*

We feel the present structure works well for our corporate credit union. The current structure provides the right balance of representation, effective governance, and accountability.

Thank you for this opportunity to comment. I can be reached by calling (269)382-9845 ext 1170 or by email at aland@1stcomm.org if you have questions or desire clarification,

Sincerely,

A handwritten signature in black ink, appearing to read "Alan DeMars". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Alan DeMars
Finance Manager